

Recommendations to ensure AI systems help close the racial wealth gap.

The evidence presented in this report demonstrates that without deliberate and outcome-oriented interventions, AI will likely amplify the racial wealth gap rather than narrow it. To be clear, this does not have to be a foregone conclusion. AI technologies can produce positive outcomes when developed, tested, and adopted with principled and civil-rights-protective guardrails. But without safeguards, governance, and corrective measures, AI risks reinforcing existing disparities under the guise of neutrality and efficiency.

Many people of color are excluded from the homebuying process because its costs are prohibitive, a reality rooted in part in the long history of de jure racial segregation and systemic exclusion from land ownership and homeownership. As a result, a large share of households of color rely on renting. Landlords often treat any entry on an AI-generated tenant-screening report as grounds for automatic disqualification, regardless of the merit. These systems create widespread, and often insurmountable, barriers to stable housing.

Landlords using AI-tenant screening systems must do so responsibly. To address these concerns, transparency and accountability in algorithmic decision-making must be established.

- **Limit screening criteria to information directly relevant to rental performance.**

Landlords should review the criteria applied by the systems they use and, where possible, configure or select tools that prioritize indicators tied to current ability to pay rent, such as bank account transaction (cashflow) data, over blunt proxies like minimum credit score thresholds or rigid income multiples. Where vendors do not permit customization, landlords should factor screening tool flexibility into their vendor-selection decisions.

- **Account for changing employment patterns.** Such patterns may include non-traditional and gig-based income sources, which are often excluded from screening practices but may more accurately reflect an applicant's ability to pay rent.

- **Narrow reliance on eviction information.** Where eviction filings are present in a screening report, landlords should seek judgment data directly from the applicant before making a decision and should not deny housing based on eviction history.
- **Limit the use of criminal history in tenant screening.** Criminal records are a poor predictor of future tenancy success. Landlords should exclude arrests without convictions and sealed or expunged records, shorten lookback periods, and narrow review to recent, serious offenses that pose a clear and current risk to other tenants or the property. Evidence shows that these reforms do not increase criminal activity or negative housing outcomes.
- **Have clear application requirements and early disclosure of screening criteria.** Landlords should create a written tenant-selection plan that is made publicly available before applicants apply or pay fees. This plan should specify what credit, income, eviction, and criminal history standards are used and how screening data is evaluated. This approach increases transparency, helps applicants self-select, reduces wasted application fees, and produces a more qualified applicant pool.
- **Allow applicants to explain potentially negative information.** Landlords should invite applicants to provide context for potentially disqualifying information, such as eviction filings, criminal records, or gaps in employment, at the application stage rather than after a denial. Most applicants lack the time or resources to pursue appeals once a decision has been made, making early explanation opportunities the more meaningful and practical safeguard. This is consistent with the individualized assessment standard set out below.
- **Disclose the use of screening reports in denial decisions.** Landlords should notify applicants when a tenant-screening report contributed to a denial and provide whatever explanation is available to them based on the information the screening tool returns. This is consistent with existing Federal Trade Commission adverse action notice requirements and allows applicants to obtain their own copy of the report and exercise their right to dispute inaccurate information.
- **Exercise the right to transparency and actionable explanations on behalf of applicants.** Landlords should require their tenant-screening tool vendors to provide meaningful transparency into data sources, scoring factors, model limitations, and performance metrics, including information sufficient to assess potential disparate impacts. Service agreements should obligate vendors to supply clear, plain-language explanations that landlords can share with applicants, enabling individuals to understand adverse decisions and take concrete steps to improve future housing outcomes.